

## **Does mobility matter? Income inequality after retirement**

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The increase in life expectancy of today's aging society means individuals must prepare for a longer length of retirement. However, ensuring an adequate retirement income becomes more complicated with increased work-related mobility in Europe as more individuals will have fractioned contributions to different social security systems. Among other factors, having a migratory background might be later reflected in a higher degree of vulnerability given the scarce portability of social benefits across systems. Measures have been taken to preserve the rights acquired in other EU countries – such as the “European Directive 2014/50/EU of 16 April 2014 on minimum requirements for enhancing worker mobility between Member States” and the subsequent national transposition measures. The legislation improves the acquisition and preservation of supplementary pension rights, but this may not be sufficient for closing the gap if the living conditions of current retirees have already been penalized.

We provide empirical evidence about the impact of mobility at working ages in the living conditions and risk of exclusion of older people in Europe. To do so, we reconstructed the residential mobility and working trajectories of more than 65,000 individuals aged 50+ that participated in the retrospective waves 3 and 7 of the Survey of Health, Ageing and Retirement in Europe (SHARE) and were living in one of the 28 survey countries at the time of the interview<sup>1</sup>. Using the country of interview as reference, we classified individuals in two main groups based on their residential and working lives: mobile - for individuals who spent at least one year in a country different than their final residence- and immobile. We consider the flows from the interview country and not the country of origin. This, as the interview country is the one that will probably pay the pension benefit of the retirees (workers).

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<sup>1</sup> This paper uses data from SHARE Waves 3 and 7 (DOIs: 10.6103/SHARE.w3.700 and 10.6103/SHARE.w7.700), see Börsch-Supan et al. (2013) for methodological details.

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## **First results**

The majority of respondents were female, worked about 36 years and had an average age at the time of the interview of 69.5 for mobile and 67.9 for their immobile peers. Those who reported at least one place of residence abroad during their lifetime (about 13% of our sample), spent on average 14,8 years abroad. Regarding locations, Germany, Switzerland, Belgium and Luxembourg concentrate the majority of the inflows from the EU.

The number of years working and living abroad also provide an indicator of the relevance of the period abroad with respect to the acquisition of pension rights. The mobile population spent on average approximately seven years of their working lives in countries other than their current residence. Discontinuous working lives have further implications linked to lower contribution rates. For many EU pension systems, this determines access to benefits and could potentially affect the affordability of services such as health and care at later ages, thus widening the inequalities among groups.

The analysis of the current living conditions of the respondents was approached by subjective and objective measures of monetary poverty. The reported financial distress allows to identify which groups self-assess being vulnerable to economic and financial risk. On the other hand, by estimating At-Risk-Of-Poverty (AROP) rates we can observe the share of people with an Equivalized Disposable Income (after social transfers) below the at-risk-of-poverty threshold.

Preliminary results suggest that there is heterogeneity across countries. However, within countries we do not see a clear pattern between mobile and immobile individuals. Some countries, such as Luxembourg, display wider gaps between the two groups. Statistically significance of the difference is low.

Further analysis might contribute to disentangling the effects of the time when residential and employment changes happened, as well as the potential push factors such as family migration and childbearing. This is particularly relevant for individuals who were mobile at younger ages or during their early career years, as it could be reflected in lower pension payments after retirement.

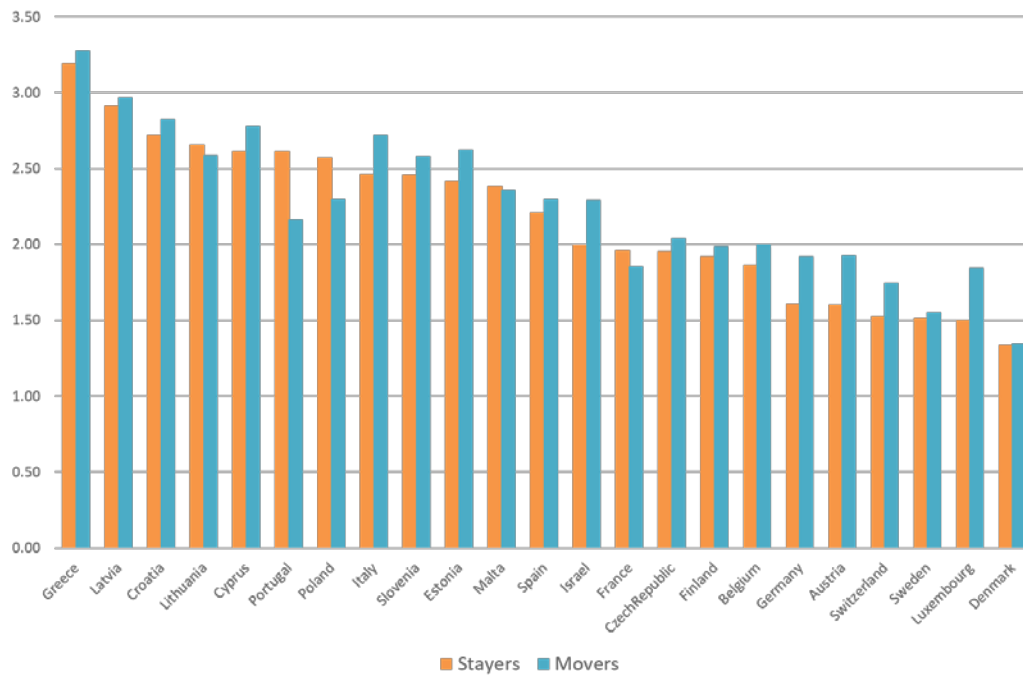


Figure 1. Financial distress

Source: Own calculations based on SHARE Waves 3 and 7 data.

## References

- Boersch-Supan, A., M. Brandt, C. Hunkler, T. Kneip, J. Korbmacher, F. Malter, B. Schaan, S. Stuck, S. Zuber (2013). *Data Resource Profile: The Survey of Health, Ageing and Retirement in Europe (SHARE)*. International Journal of Epidemiology. DOI: [10.1093/ije/dyt088](https://doi.org/10.1093/ije/dyt088)
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## Datasets

- Boersch-Supan, A. (2019). Survey of Health, Ageing and Retirement in Europe (SHARE) Wave 3 – SHARELIFE. Release version: 7.0.0. SHARE-ERIC. Data set. DOI: [10.6103/SHARE.w3.700](https://doi.org/10.6103/SHARE.w3.700)
- Boersch-Supan, A. (2019). Survey of Health, Ageing and Retirement in Europe (SHARE) Wave 7. Release version: 7.0.0. SHARE-ERIC. Data set. DOI: [10.6103/SHARE.w7.700](https://doi.org/10.6103/SHARE.w7.700)